

**RESPONSIVENESS SUMMARY
FOR
PROPOSED AIR QUALITY CONTROL PERMIT No. 1000109
AEPCO - APACHE GENERATING STATION
(During Public Notice Period from November 25, 1998 to December 25, 1998)**

The following comments were submitted by AEPCO through their letter dated December 17, 1998.

GENERAL COMMENTS

Summary

*Comment 1. **Description of Facilities.** Page 1 describes the Apache Generating Station. Several corrections should be made to the second paragraph to correct typographical errors and clarify certain references to equipment; the revised paragraph should read:*

The plant supplies power through six electric generation units: two coal/natural gas-fired steam electric units, a natural gas/fuel oil-fired steam electric unit, and three natural gas/oil-fired combustion turbines (commonly referred to as Agas turbines@ by AEPCO). The rated generating capacity of the entire plant is approximately 520 MW. Each of the coal/natural gas-fired steam electric units has an electrostatic precipitator (ESP) for controlling particulate matter emissions and a sulfur dioxide absorption system (SDAS) for controlling sulfur dioxide emissions when burning coal. There is no air pollution control equipment installed on the turbine engines or the natural gas/fuel oil-fired steam electric generator at the Apache Generating Station.

Response: Per comment, necessary changes have been made.

*Comment 2. **Applicability of Previous Operating Permits.** The permit introduction should clearly state that the Class I Permit supercedes all previous operating permits issued to Apache Station, including current Operating Permit No. 0302-84. The terms and conditions of these permits are void as of the date of issuance of the Class I Permit.*

Response: Per comment and upon discussing with EPA Region IX, the following language has been added to the permit:

This Class I permit supercedes all previous operating permits issued to AEPCO. The terms and conditions of these permits are void as of the date of issuance of this Permit. This operating permit incorporates the applicable requirements contained in the underlying

construction/installation permits and does not affect those applicable requirements.

*Comment 3. **Format and Content of Compliance Certifications.** We note from review of the September 29, 1998, memorandum from Mike Traubert to Prabhat Bhargava included in the draft permit package that ADEQ's Compliance Section was scheduled to develop the format and content of compliance certifications by October 15, 1998. If this draft document has indeed been completed, AEPCO requests its distribution to affected utility sources as soon as possible for our review and comment. **ADEQ should also schedule a meeting with Arizona utilities to discuss this document and other issues related to compliance certifications at least 90 days in advance of the initial date for compliance certifications.***

Response: Per comment, a meeting with the Arizona utilities will be scheduled to discuss issues relating to compliance certifications.

Attachment B

*Comment 1. **Arizona-Only Material Permit Conditions.** Attachment B states that several provisions are material provisions pursuant to A.A.C. R18-2-331. AEPCO understands that the term material permit condition is an Arizona-only provision, and is not required under the Act or under any of its applicable requirements. Pursuant to A.A.C. R18-2-306.B.2 and A.R.S. sections 49-464(G) and 49-514(G), the material permit condition designation should be identified as a State Requirement and not federally enforceable.*

Response: ADEQ received the final interim approval of its Part 70 program on October 30, 1996. Permits issued under a final interim approval have the full standing with respect to Part 70. In fact, all rules and regulations that have been approved as part of Arizona's operating permit program are federally enforceable. A.A.C. R18-2-331 has been approved by the EPA as part of its final interim approval. A.A.C. R18-2-101.41(b) states that requirements approved by the Administrator including the requirements of the operating permit program are federally enforceable. Therefore, material permit conditions are federally enforceable conditions. This comment does not result in any change.

*Comment 2. **Performance Testing of Gas Turbines.** Section IV.C establishes performance test requirements for Apache Station's three gas turbine units. ADEQ's reasons for the testing are outlined in Section VIII.B of the Technical Review and Evaluation Document (TRED). As stated in our comments on the TRED, ADEQ has not provided adequate regulatory basis in the Class I Permit for imposition of performance tests on the gas turbines. These tests are costly and not necessary to demonstrate compliance with any of the emission limitations*

or standards applicable to these units. Thus, this section of the permit and the corresponding Section III.F.4, discussing performance test trigger dates, should be removed from the Class I Permit.

Response: There is no change to the permit.

Attachment C

*Comment 1. **Applicability of Subpart Y to Apache Station's Coal Handling System.** As most recently described in our letter to ADEQ dated August 18, 1998, it continues to be AEPCO's position that only certain coal handling equipment at Apache Station is subject to the requirements of 40 CFR, Part 60, Subpart Y. This facility includes the crusher, sizing screens and conveyors ## 6, 7, 8, and 9. **Unloading feeders ## 1 through 8 and conveyors ## 1 and 2 are not subject to Subpart Y.** This equipment was not an affected facility at the time of commencement of construction, and has not subsequently been modified. Under 40 CFR, Part 60, Section 60.14(c), its classification for purposes of NSPS did not change at the time that the crushing and screening operations were added in 1977.*

We have reviewed the letter from David Howekamp to Prabhat Bhargava dated October 26, 1998, concerning EPA's evaluation of our position. In this letter, EPA states that they disagree with AEPCO's position and the unloading feeders and conveyors ## 1 and 2 are subject to Subpart Y. EPA states that it believes its determination is consistent with the plain reading of the regulation and two pertinent decisions in the OECA Applicability Determination Index (Control #s NS48 and 9800083). We will address each of the bases offered by EPA in support of its belief.

*As to the language of the regulation, EPA states that the affected facility is the coal processing and conveying system. EPA is wrong. **Nowhere in Subpart Y does EPA list an affected facility as the coal processing and conveying system.** Rather, Subpart Y states that affected facilities include coal processing and conveying equipment. 40 CFR §60.250(a). It is understandable that EPA would like the regulation to list the affected facility as the system, because the validity of EPA's conclusion hinges on treating the combination of equipment listed under the definition of coal processing and conveying equipment as the affected facility. Unfortunately for EPA, however, neither Subpart Y nor either of the referenced pertinent decisions supports its view. Unlike EPA, AEPCO regards each of the articles of equipment listed under the definition of coal processing and conveying equipment as an affected facility in instances where a crushing or screening operation is present. The word equipment certainly can refer to a single article, and there is nothing in the regulation that gives a preference to EPA's view. In fact, we call to your attention that if EPA, at the time it adopted*

*Subpart Y, had meant the combination of equipment to be the affected facility, all it would have needed to do was to say so by using the word ~~A~~combination, as it did, for example, when it adopted Subpart I and listed the affected facility as the ~~A~~hot mix asphalt facility. See 40 CFR §60.90(a). **When one interprets the applicable affected facility as each article of equipment, unloading feeders ## 1 through 8 and conveyors ## 1 and 2 were not affected facilities at the time the crushing and screening operation was added, and did not become so at that time because they were not modified.***

As to document #9800083, the determination discussed therein simply states that all conveyors at the CP&L plant should be treated as Subpart Y affected facilities as they are ~~A~~functionally linked to and directly convey material~~@~~from the coal processing equipment. Assuming all of the equipment was constructed at the same time after the Subpart Y applicability date, we do not dispute EPA's interpretation in that case. Had conveyors ## 1 and 2 at the Apache Generating Station been constructed at the same time that the crushing and screening system was added, we would agree that they should be treated as affected facilities. But that is not the case. Conveyors ## 1 and 2 were constructed in advance of the coal processing equipment and can operate independently of the processing equipment to convey coal to generation unit boilers or the storage pile.

Equally important, document #980083 offers no support for EPA's apparent view that the ~~A~~combination~~@~~of coal processing and conveying equipment is the affected facility for purposes of Subpart Y, rather than each article of equipment. If anything, the document supports AEPCO's view because it states that the other coal conveyors (nos. 6, 12A, etc.) are affected facilities (note use of the plural form). The document does not state that these other conveyors are part of a single affected facility.

*As to document #NS48, the determination discussed therein states, **Unloading facilities are not specifically mentioned in the regulations and have been excluded in the past from the meaning of Subpart Y requirements.** This statement cuts directly against EPA's conclusion that Apache Station's unloading feeders are subject to Subpart Y. In addition, the document offers no support for EPA's view that the ~~A~~combination~~@~~of coal processing and conveying equipment is the affected facility for purposes of Subpart Y, rather than each article of equipment. The document simply is silent on this point.*

Response: Please see modified language in Section I(E) and Section III(H). Under normal operations, when the crusher circuit is bypassed, the coal handling system is subject to the state 40% opacity limit. Under an alternate scenario, when the crusher circuit is operated, some of the components of the coal handling system are affected facilities under Subpart Y. The permit language has been modified to identify the

applicable requirements under both normal and alternate operating scenarios. Appropriate periodic monitoring requirements have been included in Section III(H).

OTHER COMMENTS

Attachment A

Comment 1. Section I.A states that the ~~A~~permit is valid~~@~~for five years ~~B~~ this language does not take into account the permit renewal application shield. This sentence should be revised to state that the ~~A~~permit term is a period five years from the date of issuance of the permit.~~@~~

Response: Permit expiration terminates the source's right to operate unless a timely application for renewal is submitted. Additional citation to A.A.C. R18-2-322.B has been provided. This comment does not result in any change to the permit language.

Comment 2. Section I.B should state the ~~A~~end of the permit term~~@~~rather than ~~A~~the date of permit expiration~~@~~to be consistent with A.A.C. R18-2-306.A.1.

Response: The end of the permit term is the date of permit expiration. The permit expires at the end of the term. The rule is cited and this wording does not change the effect of the rule.

Comment 3. Section II.A also states that any permit noncompliance constitutes ~~A~~a violation of the Arizona Revised Statutes.~~@~~ This language does not appear in the applicable rule, A.A.C. R18-2-306.A.8.a and should not be added through this permit.

Response: Additional citations to A.R.S. 49-463 and A.R.S. 49-464 have been provided for this condition which make any noncompliance with the permit conditions a violation of the Arizona Revised Statutes.

Comment 4. Section III.B.1 contains a sentence beginning, ~~A~~No such reopening is required ...,~~@~~ which refers to a possible extension of a permit term pursuant to R18-2-322(B). That regulation deals with permit terminations and renewals, and not extensions. The meaning of this sentence is unclear. Does it refer to an extension granted under a permit application renewal shield? If so, the last sentence of this paragraph suggests the Permittee's permit term would be re-set without actually completing the renewal process.

Response: It does refer to the extension granted under a permit application renewal shield. Upon completing the renewal process, the permit term shall be reset to five years from the date of issuance.

Comment 5. Section IV.A requires ~~A~~all equipment~~@~~covered by the permit to be marked with

the current permit number. For purposes of compliance with this condition, we understand that the equipment to be marked is limited to the list given in Attachment D. Please advise us if this interpretation is incorrect.

Response: For the purposes of compliance with this condition, the equipment to be marked is limited to those specified in Attachments “D” and “E”.

Comment 6. *The requirement in Section IV.A.5 that compliance certifications include all instances of deviations from permit requirements appears to misapply R18-2-306.A.5.a. That regulation requires submittal of monitoring reports at least every six months, and requires instances of deviations from permit requirements determined from such monitoring to be identified in the monitoring reports. **The regulation does not require that compliance certifications list all instances of permit deviations.** Such a requirement would be unworkable. Accordingly, VII.A.5 should be deleted.*

If ADEQ’s intent is that monitoring reports are to be certified and are to be submitted at the same time that semi-annual compliance certifications are submitted, a separate provision should be drafted to that effect, and the proper regulatory basis for this provision cited. It should also be noted, however, that some monitoring (e.g., reports required under Section III.D.3 of Attachment B) requires reports on a quarterly basis.

Response: According to the most recent version of 40 CFR 70.6, the compliance certifications has to include each deviation. Please see the revised language under Section VII of Attachment “A”. Also, Section VII.A.5 of Attachment “A” has been moved to Section XII.B.3. of Attachment “A”.

Comment 7. *With regard to Section VII.A.6, it appears to be ADEQ’s intent that progress reports pertaining to compliance schedules are to be submitted with the semi-annual compliance certification. As worded, however, this provision requires progress reports to be part of the compliance certification. Such a requirement does not have a regulatory basis and, in fact, would be unworkable. Accordingly, this provision should be deleted, and a separate provision, with the proper regulatory citation, should be drafted requiring that progress reports be submitted every six months at the same time that compliance certifications are submitted.*

Response: Pursuant to A.A.C. R18-2-309.2.c.v, the Department requires the progress reports to be part of compliance certifications. This comment does not result in any change.

Comment 8. *Section XI refers to the requirements of the Accidental Release Program. This program is already in effect and permittees are able to establish whether or not the provisions of 40 CFR, Part 68 are applicable to source operations. Consequently, this condition is irrelevant and should be removed from*

Attachment A. If 40 CFR, Part 68 is applicable it should be incorporated into Attachments B and C. AEPCO is subject only to the general duty clause under 40 CFR, Part 68, Section 68.1.

Response: In order to account for any change to the source that would bring within the applicability of 40 CFR Part 68 the change without having to revise or reopen the permit, Section XI has been written broadly. This comment does not result in any change.

Comment 9. In Section XII, the language in R18-2-310.A has been omitted. This language should be re-inserted because it provides an important affirmative defense to the owner or operator if the reporting requirements of XII.A.1 are completed and the demonstration outlined in R18-2-310.A is satisfied.

Response: A.A.C. R18-2-310 is not required under A.A.C. R18-2-306 to be listed in the permit. Furthermore, since A.A.C. R18-2-310.A is under litigation, it is not possible to include it in the permit.

Comment 10. Section XII.A discusses the general requirements for excess emissions reporting. We note that there can be some room for misinterpretation of the requirements based on the definition of excess emissions given in R18-2-101(37), which states, Excess emissions means emissions of an air pollutant in excess of an emission standard as measured by the compliance test method applicable to such emission standard. Not all excess emissions that AEPCO currently reports or would report under this permit are measured by a reference test method. A way to resolve this problem is to provide a state only provision in XII.1 as follows:

Solely for the purposes of reporting under this Section XII.A, the term excess emissions means emissions of an air pollutant in excess of an emissions standard as measured by the compliance test method applicable to such emission standard or by the continuous emissions monitoring systems.

Response: Any exceedance of an emission standard as measured by any method other than reference test method falls under the purview of permit deviations. Reporting requirements for these are set forth in Section XII.B of Attachment "A". This comment does not result in any change.

Comment 11. The requirement in Section XII.A.1 for excess emissions reporting based on R18-2-310 overlaps with the requirement in Section XII.C. Qualifying language should be added stating that in instances of emergencies the reporting requirements of Section XII.C apply.

Response: The title for XII.C has been changed to read as "Reporting of Emergencies".

Comment 12. The provision in Section XII.A.1.b(7) requires the excess emission report to include a list of the steps taken to comply with the permit procedures relating to limiting the excess emissions. This is confusing in that the permit does not contain any such procedures.

Response: Although nothing has been stated specifically in the permit regarding permit procedures, it may include among other things demonstrating how the excess emissions resulted from a sudden and unavoidable breakdown of the process or the control equipment, what good air pollution control practices were adopted by the permittee, and how repairs were conducted expeditiously in those instances. This provision essentially asks the permittee to include a list of the steps taken to limit excess emissions. If no permit procedure is identified in the permit, then the permittee has to simply list the steps it followed to limit excess emissions. This comment does not result in any change.

Comment 13. The reporting requirements expressed in Section XII.B.1 conflict with and/or duplicate the reporting requirements of Sections XII.A and C. Qualifying language should be added to make clear that reports are not required under Section XII.B if already made under Section XII.A or C.

Response: The Permittee is required to submit all reports as required by the permit. This comment does not result in any change.

Comment 14. We recommend revising Section XII.B.2 to clarify that where other regulations or permit conditions require the reporting of deviations on a different time frame, that this alternate time frame is now the applicable time frame for reporting instead of the two working day time frame. Any deviations without a specific time frame for reporting would be subject to the two working day time frame. This change will reduce duplicative reporting under the permit. The language for this section should read as follows:

Permittee shall promptly report deviations from permit requirements, including those attributable to upset conditions as defined in the permit, the probable cause of such deviations, and any corrective actions or preventive measures taken. Where the underlying applicable requirement contains a definition of prompt or otherwise specifies a time frame for reporting deviations, that definition or time frame shall govern. Where the underlying applicable requirements fail to address the time frame for reporting deviations, reports of deviations shall be submitted to the Director by certified mail, facsimile, or hand delivery within two working days of the time the deviation occurred.

Response: For AEPCO's Title V permit purpose, there is no underlying applicable requirement that defines prompt deviation or otherwise specifies a timeframe for reporting deviation. Therefore, this language is superfluous and is not required. This comment does not result in any change.

Comment 15. Section XII.C.1.a includes a reference to meeting the Aconditions of paragraph (c) of this subsection.® We believe the correct citation should be to paragraph (b).

Response: Per comment, the citation has been changed.

Comment 16. A regulatory basis for Section XII.D is needed.

Response: Citation to A.R.S. 49-426.I.5 has been added to the condition.

Comment 17. Section XVIII.A concerns operational conditions during generating unit testing. ADEQ states that tests shall be conducted at the Amaximum possible capacity® of each unit. This terminology is ambiguous and R18-2-312 states only that tests be conducted under Arepresentative®conditions. ADEQ should eliminate the second sentence of this condition, and revise the first sentence of Section XVIII.A to read:

Tests shall be conducted while operating at representative operational conditions unless other conditions are specified by the applicable test method or requirement.

Response: In the Department's view, there is no ambiguity whatsoever. Performance tests shall be conducted by the Permittee at the maximum possible capacity under representative operational conditions. As ambient temperature plays an important role in determining the generating capacity of units such as the turbines and the steam generators, it is imperative that the Permittee conducts the test at the maximum possible capacity.

Comment 18. The test plan requirements identified in XVIII.B are not given in R18-2-312.B as asserted in the text and should be removed.

Response: Per comment, reference to R18-2-312.B has been replaced with reference to the Arizona Testing Manual.

Attachment B

Comment 1. Section I of AAttachment B®lists applicable emission limitations and standards for Apache Station. Section I.A.3.c provides an emission limit for sulfur dioxide when burning a combination of fuels. The regulatory basis specified for this emission limit is given as R18-2-306.A.2. This provision states that applicable emissions limitations and standards should be included in operating permits, but does not define, list or establish such limits. Consequently, ADEQ needs to provide the appropriate regulatory basis for the sulfur dioxide limit applicable to Steam Units 2 and 3 when burning a combination of fuels. Further, it is our understanding that the emission limit specified (0.8 pound per million Btu) for this operating scenario is not required under the Act or under

any of its applicable requirements. Therefore, in addition to providing a correct citation to the standard, ADEQ should, under A.A.C. R18-2-306.B.2, identify this provision as a State Requirement.@

Response: A.A.C. R18-2-306.A.2 remains as the citation for the condition. The provision requires all emission limitations and standards that assure compliance with applicable requirements to be included in the operating permit. In the absence of 40 CFR 60.43(b), when the Permittee burns a combination of fuels such as coal and oil, the more stringent standard (between coal and oil) would apply. In this case, the standard is 0.8 lb/MMBtu for both coal and oil. Therefore, the Permittee has to comply with this limit. The Department intends to implement this requirement by including it in the permit pursuant to R18-2-306.A.2.

Comment 2. In Section I.B.4.b the fuel limitations should be modified to state that Steam Unit 1 may co-fire natural gas with used oil or used oil fuel. Similarly, in Section I.B.4.c(2), the fuel limitations should be modified to state that Steam Unit 1 may co-fire natural gas with used oil or used oil fuel.

Response: Per comment, additional operating scenarios have been added.

Comment 3. In Section I.B.5.a, ADEQ provides a definition of heat input.@ We note that the last sentence of this section, quoted from R18-2-703.B, directly conflicts with the requirements for compliance testing set forth in Section XVIII of Attachment A. This sentence should be removed, and the compliance test requirements listed in Section XVIII.A of Attachment A should be modified per our earlier comment, so they reflect the language in 703.B. This same comment also applies to Sections I.C.5.a and I.D.4.a.

Response: There is no conflict as Section XVIII.A states that “Performance tests shall be conducted...unless other conditions are required by the applicable test method or in this permit.” This comment does not result in any change.

Comment 4. Section I.B.5.b and c provide formulas for calculating total heat input. Again, R18-2-306.A.2 is given as the regulatory basis for these formulas. This regulation does not list, define or establish any emission limitations or standards. A corrected citation to the regulations should be provided for these formulas. This same comment also applies to Sections I.C.5.b and I.D.4.b.

Response: The citation has been changed to A.A.C. R18-2-703.B.

Comment 5. Section I.E.1 lists emissions limits and standards for the Acoal preparation plant.@ For the reasons discussed in AEPCO’s letters to ADEQ dated June 9, 1998, and August 18, 1998, concerning Apache Station’s coal handling system, unloading feeders ## 1 through 8, and conveyors ## 1 and 2 are not

subject to Subpart Y. This equipment was not an Affected facility@at the time of commencement of construction, and has not subsequently been modified. Under 40 CFR, Part 60, Section 60.14(c), its classification for purposes of NSPS did not change at the time that the crushing and screening operations were added in 1977. This equipment should be added to the list of equipment in Section I.E.2.

Response: Please see modified language in I(E).

Comment 6. The regulatory basis for the standard for particulate matter in Section I.F.2 should be revised to R18-2-720.B.1

Response: Per comment, the citation has been changed to R18-2-720.B.1.

Comment 7. Section I.G.2 lists the particulate matter limit for the cooling towers. The Aprocess weight rate@formula that determines the limit set forth in A.A.C. R18-2-730 is problematic for this particular source because it has negligible particulate matter emissions and the process rates are expressed in terms of liquid volumes (i.e., gallons) rather than solid mass (i.e., pounds or tons). This is an issue we would like to discuss further with ADEQ prior to submittal of our initial compliance certification under this permit.

Response: The conversion from liquid volumes to solid mass should be made using the density of liquid. This comment does not result in any change.

Comment 8. Section I.I.1.a prohibits sand blasting except in accordance with A good modern practices@and sets forth what this term includes. The permit language should be revised to state that the listed items are merely examples of the control techniques which are considered good modern practices to be consistent with the language used in A.A.C. R18-2-726.

Response: The Permittee has the option to petition the Director to use any other method not specified in the permit that they wish to use. This comment does not result in any change.

Comment 9. Section II.B.1 cites A.A.C. R18-2-306.A.2.a and R18-2-331 as the authority to require operation of dust suppression on various components of the coal handling system. These facilities are subject to regulation under either 40 CFR, Part 60, Subpart Y or R18-2-702. Neither of these regulations prescribe requirements for operation of emissions control devices. Thus, it is inappropriate to use the citations set forth in the permit as the authority for requiring operation of dust suppression or to identify such operation as a material permit condition. If a proper regulatory basis cannot be cited, this condition should be deleted from the permit.

Response: The installation permit for these pieces of equipment has been cited as the underlying applicable requirement.

Comment 10. Section II.B.2 cites A.A.C. R18-2-306.A.2.a and R18-2-331 as the authority to require operation of the baghouse on the coal silos. These silos are affected facilities under R18-2-702, which does not have any requirement for operation of emissions control devices. Thus, it is inappropriate to use the citations as given in the permit as the authority for requiring operation of the baghouse or to identify such operation as a material permit condition. If a proper regulatory basis cannot be cited, this condition should be deleted from the permit.

Response: The installation permit for these pieces of equipment has been cited as the underlying applicable requirement.

Comment 11. Section II.C cites A.A.C. R18-2-306.A.2.a and R18-2-331 as the authority to require operation of the limestone bin bag filter on the limestone storage bin. However, R18-2-720 states that fugitive emissions from limestone handling operations shall be controlled per the provisions of R18-2-604 through 607. These provisions do not specify a control measure but suggest various options that may be selected at the discretion of the permittee. AEPCO has selected the bag filter as a control measure for particulate emissions at this time. As provided by the rule, we have the option to select alternative control methods in the future. Thus, it is inappropriate to make operation of the bin bag filter mandatory or identify it as a material permit condition. If a proper regulatory basis cannot be cited, this condition should be deleted from the permit.

Response: The installation permit for these pieces of equipment has been cited as the underlying applicable requirement..

Comment 12. In Section III.A, ADEQ requires AEPCO to have on staff a certified Method 9 observer. We understand ADEQ's reasoning behind this requirement is that the permit's periodic monitoring provisions will require a substantial number of Method 9 observations during the permit term. However, ADEQ has not established the proper regulatory basis for this requirement. If a regulatory basis for the requirement cannot be established, the condition should be removed.

If the proper regulatory basis can be established, it will be necessary to modify this provision to allow Permittees the flexibility to use an outside contractor certified in EPA Reference Method 9 to conduct the required monitoring. Under AEPCO's new corporate structure, developed in response to the changing regulations governing the electric utility industry and scheduled to be implemented in 1999, most staff positions will be allocated to a new company, Sierra Southwest Electric Power Cooperative Services, Inc. (Sierra

Southwest). Staff from Sierra Southwest will then be contracted back to AEPCO to conduct current operations functions. This means AEPCO's current environmental staff (including certified Method 9 observers) will no longer be directly employed by AEPCO in the near future although they will still be performing the same job functions, including ensuring compliance with the Class I Permit terms and conditions on behalf of AEPCO. Changing this permit condition to accommodate use of outside contractors would allow AEPCO to continue to use current, experienced staff, or other qualified outside contractors, to conduct the necessary Method 9 observations.

Response: Per comment, the language reads as follows:

"Within 180 days of issuance of this permit, the owner or operator shall have on site a person that is certified in EPA Reference Method 9."

The regulatory citation for this section remains the same.

Comment 13. Section III.C requires recording of any change in fuel type. Changes in fuel type have been identified by ADEQ in the Technical Review and Evaluation Document as alternate operating scenarios for Apache Station's generation units. Thus, the language of this section should reflect the requirements of 40 CFR, Part 70, Section 70.6(a)(9) which concerns terms and conditions for reasonably anticipated operating scenarios.

Also, the revised text should make it clear that the requirement to record changes in fuel type only applies to operation of Steam Units 1, 2 and 3 and Gas Turbines 1, 2 and 3.

Our recommended language is as follows:

Permittee shall log in ink or in an electronic format a record of any change in fuel type for Steam Units 1, 2 or 3, or Gas Turbine Nos. 1, 2, or 3 contemporaneously with making the change from one fuel type to another.

Response: Suggested change has been made.

Comment 14. The text of Section III.D.1.c should be revised to read:

Permittee shall comply with the **applicable** recordkeeping and reporting requirements of 40 CFR Part 75, Subparts F and G, respectively.

Response: Suggested change has been made.

Comment 15. Section III.E outlines monitoring, recordkeeping and reporting requirements for Steam Unit 1. Steam Unit 1 is equipped with continuous emission monitors

for monitoring opacity and NOx to meet certain requirements applicable to this unit under the Acid Rain Program. This permit section should include a condition stating that the Permittee shall comply with the applicable recordkeeping and reporting requirements of 40 CFR, Part 75.

Also, when operating Steam Unit 1 individually or in combined cycle with Gas Turbine No. 1, AEPCO would use the installed continuous opacity monitoring system to monitor opacity when burning liquid fuel. The current language of Section III.E.1 states AEPCO will use of Method 9 observations. This provision should be revised to state:

All opacity readings will be measured using a continuous emission monitoring system. Operation, maintenance and calibration of the continuous emission monitoring system shall meet the requirements of 40 CFR Part 75.

Response: Upon discussing with the source on numerous occasions, the Department has come to know that presently there is no fuel oil burner installed on Steam Unit 1. Hence the Department hereby rescinds the ability granted to the Permittee under the proposed permit to burn fuel oil in Steam Unit 1. Further, since opacity monitor is installed on Steam Unit 1, it will be specified in the permit as the periodic monitoring tool for burning any type of fuel.

Comment 16. Section III.F.3 describes several monitoring and recordkeeping requirements for operation of the Gas Turbines or Gas Turbine 1 Start-up Engine. The only regulatory citation given for this section is R18-2-719.I. This regulation contains no provisions relating to the requirements listed in subsections III.F.3.a, III.F.3.b(1), or III.F.3.b(3). This section also does not establish the formula for calculating sulfur dioxide emissions included at the end of this section. ADEQ needs to provide correct citations for these portions of Section III.F.3.

Also, R18-2-719.I specifically requires recording of the sulfur content and *lower heating value* of the fuel being fired in the machinery. The condition under III.F.3.b(2) should be changed to correctly reflect the applicable regulation.

Response: The citation for Section III.F.3 is A.A.C. R18-2-306.A.3. Necessary changes to the heating value language has been made.

Comment 17. The regulatory basis cited for Section III.F.4 is R-18-2-306.A.4. While this regulation provides for the inclusion of recordkeeping requirements, it does not provide a basis for performance tests. A proper regulatory basis for the performance testing requirement should be provided, or the requirement should be deleted.

Response: According to the Arizona Testing Manual "Major sources having multiple emission

points must submit facility test schedules assuring annual testing of major emission points...". This comment does not result in any change to the permit.

Comment 18. Section III.H needs to be revised based on our earlier comments regarding the applicable requirements for the components of Apache Station's coal handling system. Please note that no piece of this equipment is an Affected facility as defined by R18-2-730. Regulatory citations in this section should be limited to the provisions of 40 CFR, Part 60, Subpart Y, or R18-2-702.

Response: Equipment at the coal preparation plant not subject to 40 CFR 60, Subpart Y are subject to provisions under R18-2-730. This comment does not result in any change to the permit.

Comment 19. Section III.K.3 describes recordkeeping requirements for mobile sources. AEPCO is not aware of any provision of the Part 70 program that requires this type of monitoring. In fact, it is our understanding that EPA, in their July 10, 1995, AWhite Paper, determined that emissions from propulsion of mobile sources are trivial activities.

We have reviewed the August 3, 1998, draft memorandum to David Browner from permits section staff providing reasoning for inclusion of Article 8 requirements in the Class I Permit, but we still think it is clear that the state or federal operating permit programs did not intend to include regulation of mobile sources in a stationary source operating permit.

Response: ADEQ does not agree with AEPCO. ADEQ believes that the memo provides a consistent and fair interpretation of the Act.

Attachment C

Comment 1. It is unclear why in some instances individual paragraphs of a regulation are listed (e.g., R18-2-719.B, 719.C.1, 719.E, etc.), while in other cases only the regulation is listed (e.g., R18-2-720). In order to avoid confusion, the listing of applicable requirements should be consistent from one regulation to another, or a proper explanation provided where the manner of citation differs.

Response: Per comment, manner of citation will be to the extent possible changed to be consistent throughout Attachment "C".

Comment 2. Regulation R18-2-716 should be deleted from the list of applicable regulations as it does not apply to any of the equipment at the Apache Generating Station.

Response: Per comment, R18-2-726 has been deleted.

Comment 3. The cited regulations from Article 9, with one or two exceptions, are not listed in the body of the permit. Also, some sections from 40 CFR Part 60 (e.g., 60.43(a)(1)) are listed in the body of the permit but not in Attachment C.

Response: Although A.A.C. R18-2-903.2 is not present in the body of the permit, it is an applicable requirement.

Comment 4. Attachment C lists four installation permits as applicable requirements, however, not all four permits are cited in the body of the permit.

Response: All the installation permits are applicable requirements. Where possible, the conditions from these permits have been streamlined.

Comment 5. The relevant portions of Acid Rain Program regulations should be included in this attachment.

Response: Per comment, the Acid Rain Program regulations have been included in the Attachment.

Comment 6. As stated previously, the only portion of 40 CFR, Part 68 applicable to AEPCO is Section 68.1. The list of applicable requirements in this attachment should be revised accordingly.

Response: Please see our earlier response. This comment does not result in any change.

Comment 7. We request that the following regulation be added to the list of Requirements Specifically Identified as not Applicable in Attachment C:

40 CFR, Part 60, Subpart O (NSPS for Sewage Treatment Plants)

This regulation is not applicable to Apache Station because an affected facility as defined in these regulations (incinerator that combusts wastes > 10% of sewage sludge or >2205 lb/day of sewage sludge) is not located at this source.

Response: Per comment, 40 CFR 60, Subpart O has been added to the list of “Requirements Specifically Identified as not Applicable” in Attachment “C”.

Comment 8. As stated above, AEPCO continues to disagree with the language in this attachment as it relates to Apache Station’s coal handling system. The new source performance standards under 40 CFR Part 60, Subpart Y, are only applicable to the screen feeders, sizing screens, crusher, the transfer hopper downstream of the crusher and conveyors ##6, 7, 8, and 9. The remaining equipment components of this system are subject to the requirements of R18-2-702.

Response: This comment does not result in any change.

Attachment D

Comment 1. Please add A1996" as the date of Acommercial operation@of the coal dust collection system.

Response: Requested change has been made.

Attachment E

Comment 1. APassenger vehicle use@should be added to the list of insignificant activities in this attachment unless ADEQ can provide a regulatory basis for its exclusion other than the currently cited R18-2-604 (see AEPCO's comments on Section IX of the Technical Review and Evaluation Document).

Response: Passenger vehicle use is governed by Article 6. This comment does not result in any change.

Attachment F

Comment 1. We note that ADEQ has modified the Table in Section II to list the NOx Aearly election@ limits for Steam Units 2 and 3. However, the limits listed are incorrect. These units are equipped with dry bottom, wall-fired boilers and thus are subject to an early election limit of 0.50 lb/MMBtu. Please make the appropriate corrections to this table.

Response: Per comment, corrections have been made to the Table in Section II of Attachment "F".

Comment 2. We recommend the end of Section IV be revised to eliminate the phrase Aon June 6, 1996,@from the last line. This information is provided earlier in the same sentence.

Response: Suggested change has been made.